

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

Trimester 3, 2018/2019

BEN7144 – ENTREPRENEURSHIP
(MBA Full Time)

29 MAY 2019
9.00 a.m. – 12.00 p.m.
(3 Hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TEN (10) pages** excluding the cover page.
2. This question paper consists of **THREE (3) cases**. Answer all questions.
3. Please write all your answers in the **Answer Booklet** provided.

CASE A (34 marks)**The pros and cons of WhatsApp chats between teachers and pupils**

People are typically reaching for their smartphone to send a quick message or photo. Most of them are using WhatsApp to form large WhatsApp's groups so that they can communicate with a lot of people at one time. At some of the schools, teachers and pupils even chatting by using WhatsApp chats function. Is this practise good or bad?

Here's is an overview of the pros and cons.

Pros

- It's practical. Teachers can remind a class to bring a certain book, for instance. Or they can write: The temperature tomorrow will be 30°C, so the physical education class is going to be at the outdoor swimming pool. Bring your swimming things!
- It doesn't take a long time to write a message. A teacher would otherwise have to phone all the pupils one after another. The teacher could also send an email, but not all the pupils might read it.
- Teachers are in the loop. If someone in the group writes something unkind, the teacher can then address it and "reconcile the conflict", points out to a parents' association member.

Cons

- Some teachers also post school marks on WhatsApp. "They're not supposed to do it though," a teacher says. School marks are very personal and nobody else's businesses. The same goes for illnesses. If a pupil is ill, the teacher should call the school office.
- Pupils are always on call and have to think of school even in their free time. WhatsApp can also show whether a pupil is online. "Pupils might not want teachers to see this," a media expert explains.
- WhatsApp uploads the entire address book from users' smartphones. "But maybe the friends in the address book don't want WhatsApp to have their number," the media expert notes. After all, it's not clear what WhatsApp does with the numbers. Many specialists say there are messaging apps that are more secure, such as Threema or Wire. – dpa

Source: <https://www.thestar.com.my/tech/tech-news/2019/03/03/the-pros-and-cons-of-whatsapp-chats-between-teachers-and-their-pupils/#7pt6liorQIIAYwkx.99>

- a) Based on the case above and your understanding, complete the customer segment of the value proposition canvas. The value proposition canvas is given in the appendix 1. (8 marks)

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- b) By referring to your answer in (a), complete the value map of the value proposition canvas. You must clearly identify the pain relievers and gain creators of the suggested product or service. In addition, clearly indicate the product-customer fit in your value proposition canvas. The value proposition canvas is given in the appendix 1. You may use only one value proposition canvas for (a) and (b).
(10 marks)
- c) There is an increasing trend in the usage of mobile applications in the education sector (like WhatApps as mentioned in the case) to facilitate better communication between the teacher and the students as well as amongst the students. However, in certain cases, the poor students in semi urban areas cannot afford a smartphone or do not have subscription to internet connection for their smartphone. In addition, the wifi connection in these areas is also poor. As a result of that, these students are felt to be left out from the ongoing discussion held through the mobile applications. Suggest a solution in the forms of commercialisable product or service to address the issue. Clearly indicate the tool and show the process to derive to the solution using the tool.
(14 marks)
- d) Provide a revenue stream for the product or service you have suggested in question (c). Take note that the government and the school will not pay for the suggested product or service.
(2 marks)

(Total 34 Marks)

CASE B (32 marks)

The food delivery battle has just begun in Malaysia

It's midday, the rush hour for well... food. If you are around big shopping malls like Mid Valley, it is easy to spot food delivery riders rushing in and out of the restaurants with their portable food bags. All geared up and ready to go, it's the peak hour to deliver their customers' lunch.

The F&B industry in Malaysia has been hit with a new wave - online food ordering. Not just restricted to *tapau-ing* (take-away in local Chinese slang) and eating out, ordering in is the new eating out.

In 2017, the country has witnessed a spike in food delivery startups swarming the battlefields of the food delivery industry. Despite witnessing the death of some food delivery startups, investment has all but slowed down with Dahmakan securing yet another pre-Series A round of \$2.6 million in early 2018.

So which are the active food delivery brands Malaysia? What makes them different from each other? Let's start our analysis with Foodpanda.

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The first-mover: Foodpanda

Foodpanda was the first delivery company that started aggressively in Malaysia. The black panda logo, now pink, is spotted frequently here. Before the likes of Foodpanda and Room Service, food delivery in Malaysia was mainly restricted to Domino's and basically just pizza delivery.

In recent years, Foodpanda is considered as top-of-mind food delivery brand in Malaysia. However, it is not a stretch to conclude that Foodpanda has not lived up to its name in this region.

Just take a look at its Facebook page and you will see countless comments by consumers detailing their bad experiences with Foodpanda, with most complaints revolved around late deliveries and cancellation of orders.

You might be wondering why Foodpanda hasn't managed this efficiently, but balancing aggressive acquisition and growth with effective fulfillment and good customer experience is not an easy challenge.

The quest for timely on-demand delivery

It is always easy to blame the weather and country-specific challenge but Malaysia has unpredictable rainy seasons which spell trouble for food delivery services. There are obvious consequences like road accident, traffic jam during a downpour which affect the schedule of on-demand delivery services.

However, even on a bright sunny day, there is another challenge faced by food delivery companies - over-demand of orders. Foodpanda has only around 150 riders here on standby, there is only so much that each rider can do when the orders swamp in.

Therefore, on-demand or food delivery service is not a capital-light business model as it is an on-going task to scale supply (restaurants, riders, coverage) with demand (orders, customers).

Foodpanda turns pink

If you are still wondering why the panda has turned pink, this is due to the rebranding exercise after the acquisition by Delivery Hero back in December 2016. Pink is also the signature color of its new sister company Foodora.

Since the acquisition and rebrand, the company has announced a strikingly different marketing strategy - fewer voucher codes and more customer interactions.

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Laura Kantor, Foodpanda Singapore's Head of Marketing has mentioned that the shift towards "market responsibility" will hopefully increase brand loyalty among the consumers.

From Penang with love: DeliverEat

Founded in 2012, this Penang-based startup has secured USD\$450,000 in a pre-Series A funding from Gobi MAVCAP ASEAN SuperSeed Fund in early 2017.

Being a true Malaysian brand, DeliverEat has become the master and top household brand in its own hometown. With 40,000 customers served every month, even sizeable competitors like Foodpanda find it difficult to challenge its pole position in Penang.

After years in Penang, DeliverEat has finally ventured out of Penang in late 2017 and hoping to replicate its success in Kuala Lumpur amidst the volatile competition.

From rides to food: Uber Eats

Malaysians especially those reside in the cities are familiar with Uber and / vs Grab, the two ride-hailing apps which bring you from point A to point B.

When Uber Eats is launched in Malaysia or to be exact Kuala Lumpur with 200 restaurants under its belt, food delivery battle has officially started in KL since September 2017 and then joined by DeliverEat three months later.

This is definitely a good news for F&B operators as they now enjoy more business, more food delivery options without being pressed by one main player who monopolizes the market.

Grocery & food delivery: Honestbee

Honestbee, a Singapore-based startup which started out as a grocery delivery service, has landed in Malaysia just last year. It is not a coincidence that 2017 is the start of food delivery battle.

You might be wondering why another startup from Indonesia - HappyFresh is not listed in this article, this is because Honestbee has expanded to food delivery while its fierce competitor is still focusing on grocery for now.

With grocery and fresh produce covered, this is an advantage Honestbee has over other food delivery services here. Think Honestbee as your own personal shopper for well, everything! You will never have to step out of your house again.

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The young runners: Running Man Delivery

Not to be mistaken by the hugely popular Korean variety show, this is a local startup founded by three young university students.

Running Man Delivery launched into stardom when it achieved its PitchIn fund target of USD\$40K in less than 24 hours. Similar to Honesbee, Running Man also delivers sundries from your local shops on top of restaurant meals.

There has been little to no news of the startup since its successful equity fund. However, it is reported recently via press releases that Runningman has over 7,000 users and 2,800 orders a week, that's quite impressive!

Restaurants & home-cooked meals: FoodTime

New to the scene, FoodTime is a food delivery app for restaurants and home kitchens. Unlike Foodpanda and the gang, FoodTime does not handle deliveries at all as this is done by the restaurants and home cooks.

The offering of home-cooked meals is definitely its unique selling point, "In the local community, there are a lot of individuals who cook, sell and deliver their own dishes. So I thought, why not provide them with a platform to do so?", explained by Ahmad Daleen, FoodTime's founder.

With its solid mobile application built by two seasoned software engineers, FoodTime has become a household name in Cyberjaya, in which up to 600 customers a day are served in that area alone.

From food preparation to delivery: Dahmakan

All the food delivery brands we mentioned above are either platform and/or fulfillment focused, as the supplies (food itself) are provided by third-parties.

This is how Dahmakan set itself apart as food preparation, packaging and delivery are all handled internally by the company. Founded by ex-Foodpandas, the startup is able to manage high quality and customers' satisfaction with end-to-end control.

Dahmakan has been one of the local startup rising stars, from becoming the first startup from Malaysia to enter the highly rated Y Combinator to the recent round of USD\$2.6M funding.

In case you haven't tried it, Dahmakan functions on a strict "milkman business model", meaning that customers can only pre-book their meals the day before. With scheduled delivery slots, customers are ensured to receive their meals, on-time and ready-to-eat.

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Halal-certified Asian meals: Mammam

Similar to Dahmakan, Mamman adopts an end-to-end approach by controlling the entire process from preparing the food to delivery.

The startup has opened its first kitchen in Petaling Jaya over two years ago and its food delivery coverage is not limited to Klang Valley but also locations like Port Klang and Cyberjaya.

If you visit its website or mobile app, a halal logo is spotted and with halal-certified Asian meals delivered on-demand, this is perhaps one of the edges it has among the competitions.

Traditional F&B to online: Shogun2u

While all the food delivery brands mentioned above are more like Internet startups, Shogun2u is quite different in the way that it is started by an entrepreneur with F&B experience.

If you live around Klang Valley you might be familiar with Saisaki Japanese buffet which was hugely popular a couple of years back. Yes, Shogun2u is started by Datuk Seri Michael Chong who also owns Shogun chain of restaurants.

It is known that Shogun2u is an online business pathed by Michael for his son, with RM1 million sales reported during the first 3 months of its launch back in 2015.

Fast growing sector but no clear winner yet

If you notice, food delivery services are only plausible in urban cities like Berlin, Singapore, Sydney etc, it is the same with Malaysia as most of the firepowers are concentrated in Kuala Lumpur and Klang Valley.

Unlike other e-commerce services which are easier to scale with the reliance on 3PL delivery, food delivery services face the challenge of location and coverage boundary at the same time maintaining high customer satisfaction with on-demand delivery. Perhaps this is why we are seeing there are a couple of strong players without anyone being entirely dominant.

Having said that, we expect investments will continue to swarm the food delivery industry. By 2022, the food delivery market size is expected to grow to an annual revenue of USD\$956M, one of the fastest growing sectors in the market.

Source: <https://www.ecinsider.my/2018/02/food-delivery-companies-malaysia.html>

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- a) Construct the business model for Foodpanda. The template for business model canvas is given in appendix II. You may use your knowledge about the company or logical assumption about the company and industry to complete the business model. (10 marks)
- b) (i) Describe the industry type of the food delivery industry in Malaysia. (3 marks)
- (ii) What is the opportunity presented for this industry type? (4 marks)
- (iii) What would you recommend the company to do to compete in the industry? (4 marks)
- c) Which food delivery company presented in the case has the competitive edge to emerge as the winner? Justify your answer by explaining the competitive advantage of the company. (5 marks)
- d) If you were to build a food delivery start up in Malaysia, explain three most important partners you wish to assemble in your startup team. Explain your answer. (6 marks)

(Total 32 marks)

CASE C

Cradle Fund to invest in 13 start-ups this year

KUALA LUMPUR: Cradle Fund Sdn Bhd plans to invest in 13 start-ups this year through its newly-launched investment product, Direct Equity 800 (DEQ800).

Vice-president for investment, Azman Hood, said with a total fund size of close to RM11 million, it would invest in 10 start-ups via direct equity and finalise three co-investment deals.

Speaking to reporters after the launch of DEQ800 in Kuala Lumpur on Monday, he said DEQ800 offers a capital injection of between RM300,000 and RM800,000 for local early-stage tech start-ups.

"We received a RM22 million allocation (from the Finance Ministry) this year with 50% for DEC800. The balance is set for a new grant funding product to be launched in April," he added.

Azman said DEQ800 could serve as an alternative to stimulating the growth of high-potential tech start-ups and make the early stage funding ecosystem in the country more robust.

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The maximum investment duration per company is seven years, he said.

The focus investment sectors are financial services, tourism, business service, electrical and electronics, wholesale and retail, education, healthcare, communications content and infrastructure, oil, gas and energy, agriculture, information and communications technology (ICT) and non-ICT sectors.

Targeted and potential investee companies are start-ups with tech-based products or services. They must have been in operation for less than five years and have at least a 51% ownership by Malaysians.

The companies must also own all the rights, titles and interest in the intellectual property relating to the prototype, products and/or services for the purpose of commercialisation, as well as limited by shares and total revenue of not more than RM5 million.

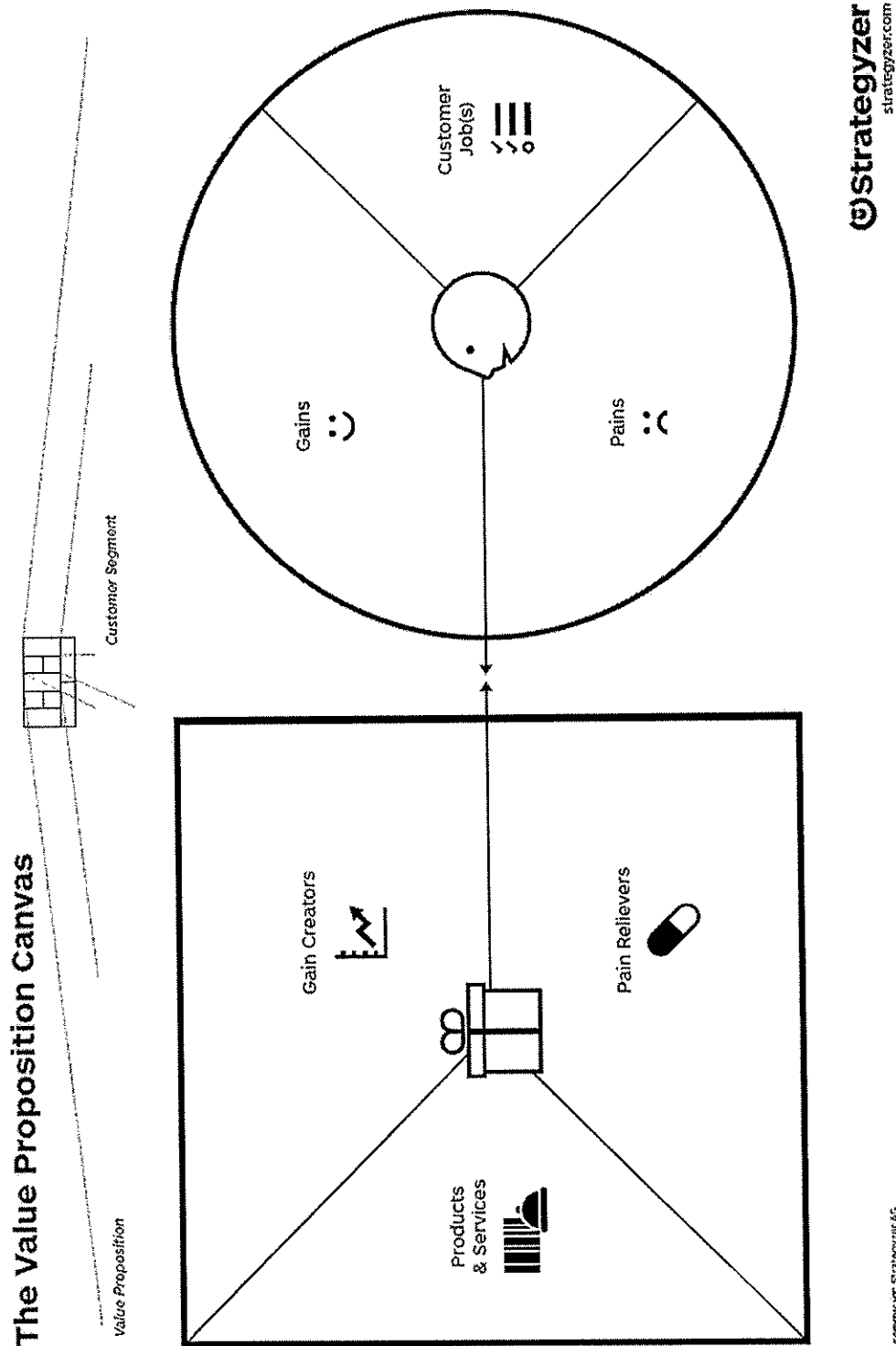
Since its inception in 2003, Cradle has helped over 700 Malaysian tech start-ups and holds the highest commercialisation rate among government grants in the country. - Bernama

Source: www.thestar.com.my/business/business-news/2017/02/27/cradle-fund-to-invest-in-13-startups-this-year/#qctTwBmyWx8Ad2qx.99

- a) (i) What type of funding does Cradle Fund Sdn Bhd provides? (2 marks)
- (ii) Evaluate the pro and con for this type of funding to the funded company? (4 marks)
- (iii) The article mentions that the companies that are seeking Cradle Fund's funding must own all the rights, title and interest in intellectual property. List and explain briefly the four key forms of intellectual property a company could have own. (8 marks)
- (iv) In your opinion, why Cradle Fund limits their funding to company with shares and total revenue of not more than RM5 million? (4 marks)
- b) You have been appointed as a panel of Cradle Fund to evaluate the funding proposal and pitch by several companies. What are the criteria that you should use in your evaluation? (8 marks)
- c) (i) Explain **TWO (2)** reasons why startups need funding. (4 marks)
- (ii) Suggest an alternative way to deal with the situation suggestion in (i) apart from getting funding. (4 marks)

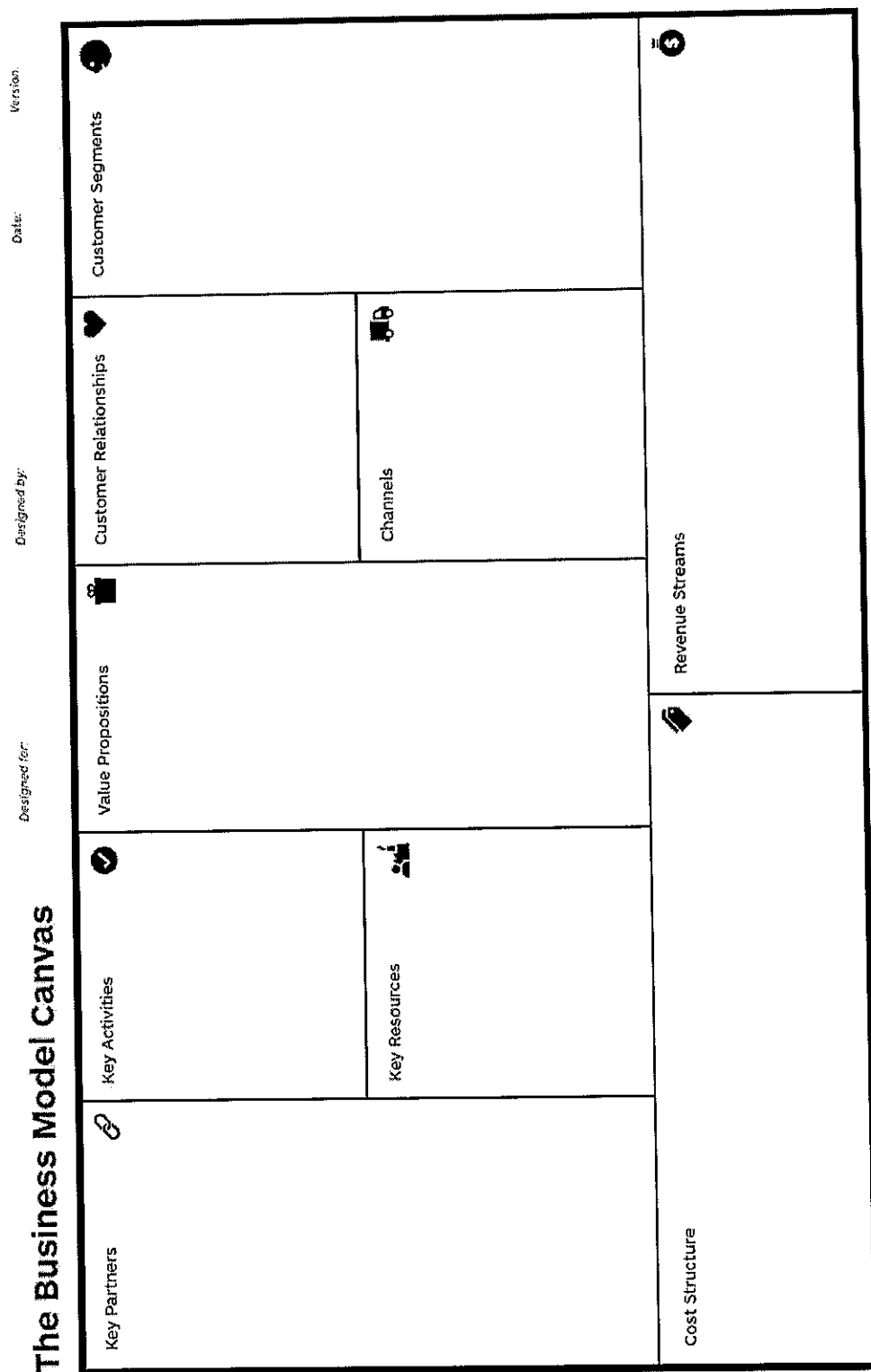
(Total 34 marks)
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Appendix 1



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Appendix 2



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